

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 ICAE-00 INRE-00 PM-05 H-02 INR-10 L-03
PA-02 SP-02 SS-15 ACDA-12 IO-14 EB-08 NRC-07
OES-07 SOE-02 DOE-15 CEQ-01 /116 W
-----039745 241355Z /43

O R 241230Z APR 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 1149
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS
AMEMBASSY ISLAMABAD

UNCLAS SECTION 1 OF 2 NEW DELHI 6415

E.O. 11652: N/A
TAGS: TECH, PEPR, IN, US
SUBJECT: INDO-US NUCLEAR RELATIONS

1. THE FOLLOWING IS THE TEXT OF A STATEMENT MADE BY PRIME
MINISTER DESAI BEFORE THE RAJYA SABHA ON APRIL 24 IN RESPONSE
TO A CALLING ATTENTION NOTICE REGARDING THE REPORTED DECISION
OF THE US NUCLEAR REGULATORY COMMISSION TO REFUSE AN EXPORT
LICENSE FOR NUCLEAR FUEL FOR TARAPUR.

2. BEGIN TEXT. MR. CHAIRMAN, SIR,
AT THE OUTSET I SHOULD LIKE TO CORRECT THE HON'BLE MEMBERS
WHO HAVE GIVEN THE CALLING ATTENTION NOTICE IN THAT THE U.S.
NUCLEAR COMMISSION HAS NOT REFUSED THE LICENCE FOR THE
SUPPLY OF ENRICHED URANIUM FOR THE TARAPUR POWER PLANT BUT
THEY HAVE REFERRED IT BACK TO THE U.S. ADMINISTRATION THAT
ON ACCOUNT OF EQUALITY OF VOTES THEY HAVE BEEN UNABLE TO
COME TO A SPECIFIC DECISION. THE MATTER NOW RESTS
WITH THE U.S. PRESIDENT. BUT ACCORDING TO THE
AMERICAN LAW EVEN IF THE U.S. PRESIDENT DECIDES TO
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AUTHORISE THE EXPORT, THE MATTER WILL HAVE TO BE LAID
BEFORE THE U.S. CONGRESS FOR 60 WORKING DAYS WITHIN
WHICH U.S. CONGRESS MAY ANNUAL THE PRESIDENT'S ACTION.
IN OTHER WORDS IT WOULD MEAN THAT IF THE PRESIDENT
TAKES A DECISION IN FAVOUR OF AUTHORISING THE SHIPMENT,
WE HAVE TO WAIT FOR 60 WORKING DAYS WITHIN WHICH
THE U.S. CONGRESS CAN ANNUAL THE PRESIDENT'S ACTION,

BUT IF THEY DO NOT ANNUAL THE PRESIDENT'S ACTION IT
WILL REMAIN CONFIRMED.

I SHOULD LIKE TO EXPLAIN THAT THE QUESTION OF SUPPLY
OF ENRICHED URANIUM IS REGULATED BY AN AGREEMENT FOR
COOPERATION BETWEEN THE GOVERNMENTS OF THE UNITED STATES
AND INDIA DATED 25TH OCTOBER, 1963 FOLLOWED BY A
CONTRACT BETWEEN THE UNITED STATES ATOMIC ENERGY
COMMISSION ACTING ON BEHALF OF THE GOVERNMENT OF U.S.A.
AND THE GOVERNMENT OF INDIA DATED THE 17TH MAY, 1966.
THE ATOMIC ENERGY COMMISSION OF THE UNITED STATES HAS
BEEN ABOLISHED AND NOW THE MATTER RESTS WITH THE U.S.
ADMINISTRATION ON THE RECOMMENDATION OF THE NUCLEAR
REGULATORY COMMISSION.

I WOULD NOT TROUBLE THE HON'BLE MEMBERS WITH THE DETAILS
OF THE PROVISIONS OF THE AGREEMENT AND THE CONTRACT.
UNDER THE PROVISIONS OF THESE DOCUMENTS THE
UNITED STATES GOVERNMENT IS BOUND TO PROVIDE US WITH
ALL THE FUEL FOR TARAPUR UP TO 1994 AND AT THE SAME
TIME THEY BIND US NOT TO OBTAIN THE REQUIRED FUEL FOR
TARAPUR FROM ANY OTHER SOURCE DURING THIS PERIOD.
THERE IS ALSO THE PROVISION IN THE CONTRACT TO THE
EFFECT THAT IF THE APPLICABLE DOMESTIC LAWS OR POLICIES
OF U.S.A. WITH RESPECT TO OWNERSHIP AND SUPPLY OF SUCH
NUCLEAR MATERIAL FOR USE BY THE AMERICAN DOMESTIC
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DISTRIBUTORS BE CHANGED, THE PARTIES AGREE TO CONSULT
WITH EACH OTHER TO DETERMINE THE MODIFICATION OF ANY
REQUIREMENT OF THE CONTRACT IN ORDER TO CONFORM TO THE
LAWS AND POLICIES IN FORCE. AT THE SAME TIME IT
PROVIDES THAT NOTHING CONTAINED IN THE RELEVANT ARTICLE
SHALL AFFECT THE OBLIGATION OF THE U.S. GOVERNMENT TO
SELL ALL OF OUR REQUIREMENT OF ENRICHED URANIUM FOR
TARAPUR ATOMIC POWER STATION, NOR WOULD IT ENLARGE
THE FINANCIAL OBLIGATIONS AND RESPONSIBILITIES OF THE
GOVERNMENT OF INDIA TO THE GOVERNMENT OF UNITED STATES
AS PROVIDED IN THE CONTRACT.

TO MY MIND, THEREFORE, IT IS QUITE CLEAR THAT NEITHER
THE DOMESTIC LAWS NOR THE DOMESTIC POLICIES OF USA
CAN AFFECT THE SUPPLY OF TARAPUR'S REQUIREMENTS OF
ENRICHED URANIUM AND CONSEQUENTLY BOTH THE DELAY IN
THE SUPPLY OF ENRICHED URANIUM FOR PURPOSES OF
TARAPUR AND, WHATEVER THE CIRCUMSTANCES, THE REFUSAL
TO SUPPLY SUCH REQUIREMENTS WOULD BE A BREACH OF THE
AGREEMENT.

UNDER THE PRESENT REQUISITIONS PENDING WITH THE

UNITED STATES GOVERNMENT, SUPPLIES WERE DUE IN
SEPTEMBER 1977 AND ARE DUE IN APCL 1978, JUNE 1978
AND OCTOBER 1978. THE SUPPLIES OF SEPTEMBER 1977 HAVE
NOT REACHED US AND ANOTHER INSTALLMENT OF SUPPLIES
HAS BECOME DUE. I AM SORRY THAT I AM UNABLE TO
APPRECIATE THE DELAYS IN PROCESSING OUR REQUISITIONS.
THE PROCEDURE REGARDING REFERENCE TO NUCLEAR
REGULATORY COMMISSION SHOULD HAVE BEEN RESORTED TO
IN FULL RECOGNITION OF THE NEED FOR TIMELY COMPLIANCE
WITH OUR REQUISITION. WE HAVE HELD PATIENCE FOR SO
LONG AND EVEN THE PROMISE OF THE PRESIDENT OF THE
UNITED STATES MADE WITHIN THE PRECINCTS OF THIS
AUGUST HOUSE IN JANUARY LAST DOES NOT APPER TO HAVE
WEIGHED WITH THE NUCLEAR REGULATORY COMMISSION IN
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THEIR DELIBERATIONS OVER THIS MATTER. I HAVE NO DOUBT
THAT THE UNITED STATES PRESIDENT ACTUATED AS HE IS BY
HIGH MORAL PURPOSE AND IN CONFORMITY WITH HIS OBLIGATION
UNDER THE AGREEMENT AND CONTRACT AND IN FULFILLMENT OF

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O R 241230Z APR 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 1150
INFO AMCONSUL BOMBAY
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HIS PROMISE WILL REACH AN EARLY DECISION. BUT THE

REQUIREMENTS OF LAYING HIS DECISION BEFORE THE CONGRESS
WILL DELAY THE SUPPLIES AT LEAST FOR ANOTHER THREE
D
MONTHS. THIS SITUATION IN ITSELF IS NOT ALARMING
BECAUSE I AM ASSURED THAT THE PRESENT STOCKS OF FUEL
WILL BE SUFFICIENT TO OPERATE ONE OF THE TWO UNITS UP
TO ABOUT 1980 AND ANOTHER A LITTLE BEYOND 1980. THE
INTERREGNUM GIVES US SUFFICIENT TIME TO EVOLVE
ALTERNATIVE METHODS OF MAKING UP FOR THE DEFAULT OF
U.S. GOVERNMENT, SHOULD THAT BECOME A LASTING FEATURE
OF THE IMPLEMENTATION OF THE AGREEMENT AND THE
CONTRACT.

NEVERTHELESS, I SHOULD LIKE TO MAKE IT CLEAR THAT
IT IS WITH CONSIDERABLE DISQUIET AND DISBELIEF THAT
I VIEW DELAY IN COMPLIANCE WITH OUR REQUISITION OF
ENRICHED URANIUM FOR TARAPUR PLANT, LET ALONE THE FACT
THAT REFUSAL OF SUPPLY WOULD BE A BREACH OF THE
AGREEMENT. SUCH A DELAY HAS OCCURRED NOT ONLY IN THE
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SUPPLY OF ENRICHED URANIUM BUT ALSO IN REGARD TO OUR
REQUEST FOR A JOINT DETERMINATION TO THE SAFEGUARD-
ABILITY OF OUR RE-PROCESSING FACILITY AS ENVISAGED IN
THE COOPERATION AGREEMENT. THIS HAS RESULTED IN
REDUCED GENERATION OF POWER AND HAS PREVENTED US FROM
UTILISING THE RESIDUAL ENRICHED URANIUM AND THE
CONTAINED PLUTONIUM WHICH NOT ONLY HAS PUT US TO
SUBSTANTIAL LOSS BOTH FROM THE MATERIAL AND MONETARY
POINTS OF VIEW BUT OUR OWN DEVELOPMENT HAS RECEIVED
A SET-BACK. AFTER THE SITUATION IN REGARD TO SUPPLY
OF ENRICHED URANIUM AGAINST OUR REQUISITION IS
CLEARED I PROPOSE TO TAKE UP THIS QUESTION WITH THE
U.S. ADMINISTRATION. SO FAR AS THE SUPPLY
OF ENRICHED URANIUM IS CONCERNED, I AM TAKING UP
THE MATTER WITH THE U.S. PRESIDENT.

FOR THE TIME BEING, THEREFORE, WE HAVE TO WAIT FOR
SUCH ACTION AS THE PRESIDENT MAY TAKE IN ORDER TO
CLEAR OUR PENDING REQUISITIONS. I HAVE ALREADY
ASKED OUR ATOMIC ENERGY COMMISSION TO EXAMINE
EVERY ALTERNATIVE AVENUE TO KEEP UP THE SUPPLIES OF
FUEL FOR TARAPUR PLANT IN CASE THE UNCERTAINTIES OF
SUPPLIES FROM UNITED STATES BECOME A PERMANENT
FEATURE. IN COMING TO THIS DECISION I HAVE TAKEN
FULLY INTO ACCOUNT THE OBLIGATION OF THE UNITED STATES
TO SUPPLY US WITH FUEL AND THEIR REFUSAL BEING A
BREACH OF THE AGREEMENT. I AM CONSCIOUS THAT ANY
SUCH REFUSAL WOULD BRING TO AN END BOTH THE AGREEMENT
FOR COOPERATION AND THE CONTRACT. WE CANNOT ALLOW

SUCH AN EVENTUALITY TO INTERFERE WITH OUR PROGRAMME
FOR DEVELOPMENT OF ATOMIC ENERGY FOR PURPOSE OF
PROVIDING FUEL FOR OUR POWER PLANTS. I HOPE THE HOUSE
WILL VIEW THIS MATTER IN THE LIGHT OF THIS
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CLARIFICATION. END TEXT.
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Message Attributes

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